UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

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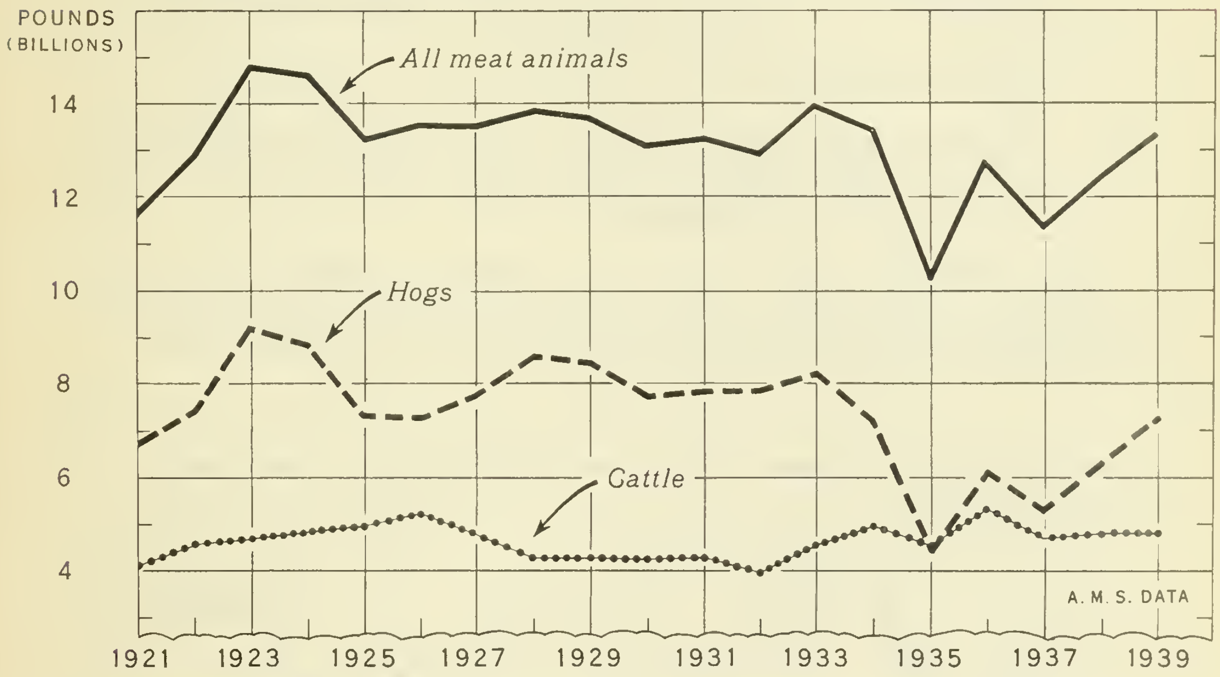
MARCH 20, 1940

THE LIVESTOCK SITUATION

DRESSED WEIGHT OF LIVESTOCK SLAUGHTERED UNDER FEDERAL INSPECTION, 1921-39



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Total dressed weight of livestock slaughtered under Federal inspection was considerably below average from 1935 through 1937 chiefly because of droughts and short feed supplies in 1934 and 1936. Most of the reduction occurred in the slaughter of hogs. Since 1937 hog production has increased to about the pre-drought level. The total dressed weight of livestock slaughtered in 1940 probably will be larger than in 1939 and among the largest in the past 15 years.

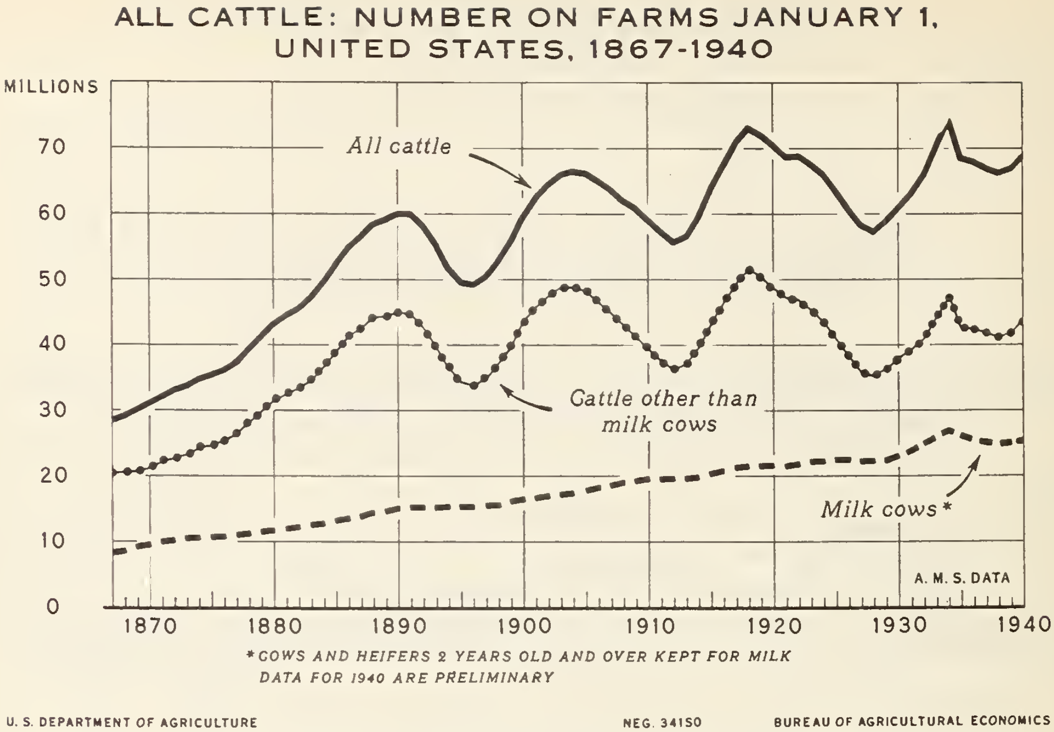


Figure 1.- Cattle numbers on farms increased moderately during the past 2 years, following the rather sharp reduction which occurred from 1934 to 1938. If feed production and pasture and range conditions are about normal, cattle numbers probably will increase still more in the next few years.

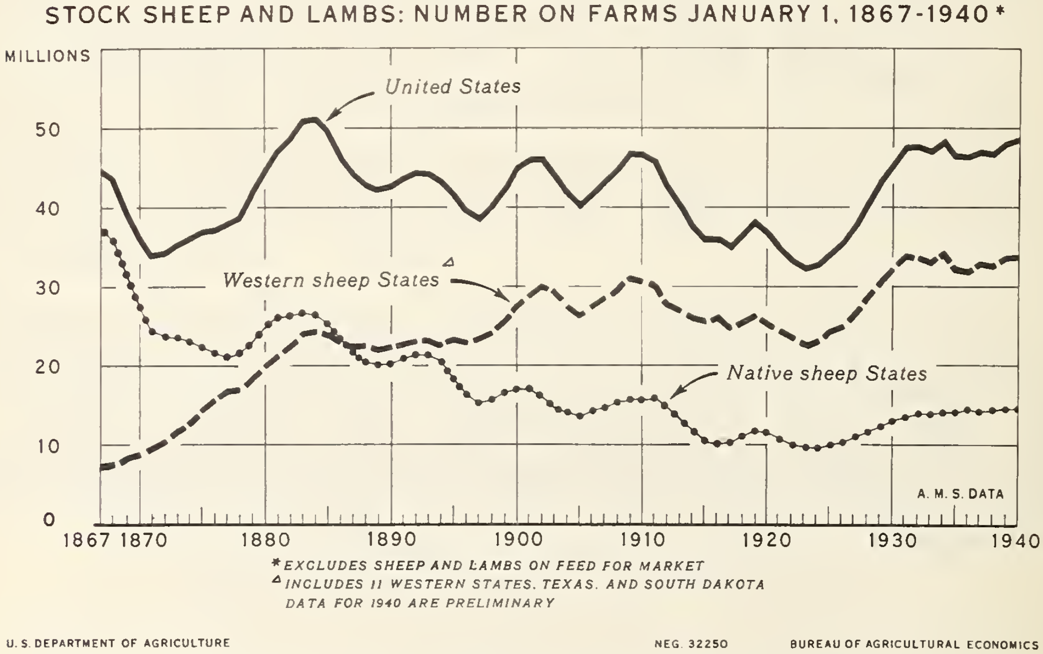


Figure 2.- The number of stock sheep on farms and ranches has not fluctuated greatly during the past 10 years. However, there has been some tendency for sheep numbers to increase since 1936, and the total number at the beginning of 1940 was the largest in many years.

THE LIVESTOCK SITUATION

Summary

A seasonal increase in hog marketings probably will get under way during the next month or so as marketings of fall pigs begin in large volume. The movement of fall pigs may be somewhat earlier this year than usual because of the unfavorable ratio of hog prices to corn prices in recent months.

The number of hogs on farms on January 1 was about 18 percent larger than a year earlier. Since a major part of the hogs on farms on January 1 will be marketed by the end of the summer, slaughter supplies of hogs are expected to continue materially larger than a year earlier throughout the balance of the 1939-40 hog-marketing year (through September 30).

In January and February the number and proportion of sows in receipts at leading markets were larger than a year earlier. This indicates that a larger than usual proportion of sows bred for spring farrow have been marketed this winter and that the 1940 spring pig crop will be somewhat smaller than the 1939 spring crop. The 1940 fall pig crop also is likely to be somewhat smaller than the 1939 crop. Total hog marketings in 1940-41 probably will be smaller than in 1939-40.

The early spring lamb crop in the principal producing States is expected to be about as large this year as last. But the number of early lambs for slaughter before July 1 probably will be considerably larger than a year earlier. In California, Arizona, and Texas, pasture and range conditions are generally favorable and lambs have made good gains. A larger proportion of the early lambs from these States will be in slaughter condition this spring than last. In the early lambing regions of the Eastern States, however, feed and weather conditions since the first part of the year have been quite unfavorable.

Marketings of fed lambs are expected to decrease seasonally during the remainder of the fed-lamb marketing season (through April). Total slaughter supplies of sheep and lambs probably will be considerably larger in May and June than in those months last year. In addition to the increased marketings of early lambs, shipments of grass-fat yearlings from Texas are expected to be larger than a year earlier.

The upward trend in cattle numbers, which began in 1938, probably will continue for a few more years, barring the recurrence of severe droughts. The number of cattle and calves on farms and ranches on January 1, 1940 totaled about 68.8 million head, 3 percent more than a year earlier. The present level of cattle numbers could be maintained even if total slaughter of cattle and calves in 1940 should be substantially larger than in 1939. Little or no increase in slaughter in 1940 now seems probable, but further increases in numbers eventually will bring about a considerable increase in slaughter supplies of cattle and calves.

Hog prices remained relatively steady during February and early March, but prices of most grades of cattle and of lambs advanced sharply in late February and early March. Prices of the better grades of slaughter cattle and of stocker and feeder cattle rose somewhat more than prices of other kinds of cattle. Hog prices in early March were about $2.50 lower than a year earlier, but lamb prices were roughly $1.25 higher. Prices of slaughter steers in early March were about 75 cents lower than in early March last year.

Slaughter supplies of all meat animals were seasonally smaller in February than in January. Slaughter of both hogs and cattle were larger than a year earlier, with a marked increase in hogs. Supplies of calves and lambs were a little smaller than in February last year.

REVIEW OF RECENT DEVELOPMENTS

HOGS

Hog prices steady during February and early March

Hog prices have been remarkably steady throughout the past 3 months. A slight advance in the last half of December was followed by a moderate downward trend during January, but during February and early March hog prices at leading markets did not change much. Ordinarily, prices advance somewhat from about mid-January through February, as hog marketings decrease seasonally. The average price of butcher hogs at Chicago for the week ended March 9 was about $5.20, compared with $5.15 a month earlier and $7.75 a year earlier.

The ratio of hog prices to corn prices continued about steady at a level considerably below average during February and early March. The ratio of Chicago hog and corn prices for the week ended March 9 was 8.8, compared with the very favorable ratio of 16.0 a year earlier.

Slaughter supplies of hogs continue large in February

Inspected hog slaughter in February totaled 4,277,000 head, or about 48 percent more than in February last year and the largest slaughter for the month since 1932. The percentage increase in slaughter over a year earlier in February was much the largest for any month thus far in the current hog marketing year, which began October 1. The weekly rate of hog slaughter has decreased seasonally since about mid-January, however, and total inspected slaughter for February was about 20 percent less than in January.

Inspected hog slaughter for the first 5 months (October-February) of the current hog marketing year totaled nearly 23 million head, or about 23.5 percent more than in the corresponding period of the 1938-39 season. (The 1939 spring pig crop was about 20 percent larger than that of 1938.) The average weight of hogs slaughtered in January and February was somewhat lighter than a year earlier.

Exports of pork increase sharply in January

Exports of pork increased sharply in December and again in January. Shipments out of the United States totaled 17.4 million pounds in December and 28.6 million pounds in January. The January exports were nearly $3\frac{1}{2}$ times larger than in January last year and were larger than in any month since May 1930. The sharp increase in pork exports during these two months was largely in the movement of fresh and frozen pork to Canada.

Exports of lard have not increased as markedly in the past 2 months as have exports of pork. Total exports of lard in January amounted to nearly 28 million pounds, which was considerably larger than exports in December but was slightly less than in January last year.

Canada establishes import quota for United States pork

As a part of the Canadian program for the wartime control of hog marketings and pork production, the Canadian Government has recently imposed an import quota limiting imports of fresh and frozen pork to 1,627,000 pounds per month. The order became effective on February 26 and will continue until October 31. The later date coincides with the expiration date of the Anglo-Canadian agreement covering British purchases of Canadian bacon.

The monthly import allowance is based upon the average monthly imports during the first 9 months of 1939. The average for the last 3 months of 1939 was 2,638,000 pounds, and in January of this year shipments of fresh and frozen pork to Canada amounted to nearly 10 million pounds. The monthly quota represents an annual shipment of about 19.5 million pounds, which is somewhat smaller than the 22,000,000 pounds of fresh and frozen pork exported to Canada in 1939, but is much larger than in most other years since 1924. In view of the quota recently established on Canadian imports, exports of fresh pork from the United States to Canada will be much smaller than seemed probable a month earlier. (See February 1940 Livestock Situation, pages 16-19.)

Hog numbers in Canada increase sharply

According to a recent release from the Bureau of Statistics (Dominion of Canada) the number of hogs on farms in Canada on December 1, 1939 totaled 4,770,000 head, about 34 percent more than a year earlier and the largest total ever reported on December 1. The 1939 fall pig crop in Canada was 33 percent greater than the 1938 fall crop, and the 1940 spring crop probably will be about 35 percent greater than that of 1939. Canadian hog marketings in 1940 will be much larger than in 1939. Present indications are that the increase in pork production in Canada in 1940 will be larger than the probable increase in bacon exports from Canada to Great Britain in 1940 over 1939. (See February 1940 Livestock Situation, pages 16-19.)

Storage holdings of pork and lard increase seasonally in February

Storage holdings of pork and lard increased seasonally during February. The into-storage movement of pork during the month amounted to about 60 million pounds, compared with the 1935-39 February average of about 19 million pounds. This large into-storage movement raised total stocks of pork on March 1 to about 648 million pounds, which was also somewhat above average.

The increases in storage stocks of lard in each of the past 3 months have been exceptionally large. The into-storage movement of lard during February totaled 56 million pounds, the largest into-storage movement for the month on record. Last year lard stocks decreased slightly during February, but the increase during the month this year raised the total storage holdings of lard on March 1 to 258 million pounds, slightly more than twice as much lard as was in storage on the corresponding date last year and the largest total for any month on record. Lard stocks ordinarily reach the peak for the year during the summer.

Storage holdings of pork and lard on the first of the month, average 1934-35 to 1938-39, 1938-39 and current marketing year

Month	Pork			Lard		
	Average 1934-35 to 1938-39	1938-39	1939-40	Average 1934-35 to 1938-39	1938-39	1939-40
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Oct.	344.6	277.2	300.2	87.6	89.9	78.8
Nov.	323.7	251.6	272.7	69.6	67.7	68.7
Dec.	378.9	299.1	332.3	71.8	74.5	89.0
Jan.	502.0	430.1	469.5	95.6	107.4	162.1
Feb.	584.6	526.4	588.6	120.5	132.1	202.2
Mar.	603.7	542.1	1/ 648.2	126.7	125.3	1/ 258.0
Apr.	580.1	523.2		129.9	129.3	
May	561.3	527.2		129.1	129.5	
June	515.7	520.3		129.4	139.3	
July	474.7	496.8		130.2	148.4	
Aug.	422.6	454.8		121.2	139.8	
Sept.	361.9	360.9		101.8	110.4	

1/ Preliminary.

CATTLE

Prices of most grades of cattle advance sharply in February

After declining somewhat during the last half of January and in early February, prices of most grades of cattle advanced sharply in late February and early March. The price rise was most pronounced for the better grades of slaughter steers and for feeder cattle. The spread between the prices of upper and lower grades of slaughter cattle widened further in February, but in early March it was about the same as a year earlier.

The average price of good grade beef steers at Chicago for the week ended March 9 was about $9.95, compared with $9.40 a month earlier and $10.65 in the corresponding week of 1939. The average price of stocker and feeder steers at Kansas City for the week ended March 9 was about $8.95, nearly $1.20 higher than a month earlier, but about 30 cents lower than a year earlier.

Slaughter supplies of cattle decrease seasonally in February

Marketings of cattle decreased seasonally in February. The total number of cattle slaughtered under Federal inspection during the month amounted to 715,000 head, about 112,000 head less than in January but 63,000 head more than in February last year. The increase over a year earlier apparently occurred chiefly in short-fed cattle, as the proportion of well-finished cattle marketed in recent weeks has been smaller than a year earlier. Inspected calf slaughter in February totaled 378,000 head, about 2 percent less than in February last year.

Imports of cattle increase in January

Imports of cattle in January were larger than a month earlier as was the case in the first month of each of the 4 quarters of 1939. The total number of cattle imported during January amounted to a little over 70,000 head compared with 29,000 head in December and 115,000 head in January 1939. Most of the decrease from a year earlier was in imports from Canada, although the number of cattle imported from Mexico also was somewhat smaller than in January last year. Imports of cattle weighing 700 pounds and over (other than dairy cattle) totaled about 21,000 head, of which 15,000 came from Mexico and 6,000 from Canada. In most months of the past 4 years, imports of this class of cattle from Canada have been considerably larger than from Mexico.

Cattle imports from Canada, Mexico, and all countries, by weight groups, January 1936-40

Year	Canada			Mexico			All countries		
	200-699 pounds 1/	700 pounds and over 2/	All cattle	200-699 pounds 1/	700 pounds and over 2/	All cattle	200-699 pounds 1/	700 pounds and over 2/	All cattle
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Jan.									
1936	832	8,574	10,950	8,338	2,319	10,822	9,170	10,893	21,772
1937	1,143	21,536	28,100	16,425	6,327	23,141	17,691	27,872	51,373
1938	112	3,861	8,677	9,855	4,213	14,222	9,971	8,074	22,903
1939	512	28,743	33,461	53,658	25,711	81,620	54,216	54,454	115,128
1940	363	5,745	10,033	41,634	14,910	60,274	41,997	20,655	70,307

Compiled from reports of the United States Department of Commerce.
1/ 175-699 pounds prior to 1939.
2/ Excluding cattle imported for dairy purposes.

LAMBS

Lamb prices advance sharply in late February and early March

Prices of fed lambs advanced sharply during February and in the first week of March. The average price of good and choice slaughter lambs at Chicago for the week ended March 9 was $10.25, about $1.35 higher than a month earlier and the highest level reached in the current fed-lamb marketing season (December-April). During December and January, fed-lamb prices did not differ greatly from those of a year earlier, but in early March lamb prices were about $1.30 higher than a year earlier and were about equal to the peak prices reached in both 1938 and 1939. Prices of slaughter ewes in early March also were higher than a month earlier and a year earlier.

Slaughter supplies of sheep and lambs decreased seasonally in February

Slaughter supplies of sheep and lambs decreased seasonally during February. Federally-inspected slaughter for the month totaled 1,313,000

head, or about 285,000 head less than in January and 48,000 head less than in February last year. Inspected sheep and lamb slaughter in the preceding 3 months (November-January) was larger than a year earlier chiefly because of the larger marketings of fed lambs from the Corn Belt. The number of lambs put on feed in the Western States after January 1 this year was somewhat smaller than a year earlier, however, and slaughter supplies of fed lambs during the remainder of the fed-lamb marketing season, which ends about May 1, are expected to be smaller than a year earlier. The number of lambs remaining on feed in the northern Colorado and western Nebraska feeding areas around March 1 was about 10 percent smaller than in early March last year.

LIVESTOCK NUMBERS ON FARMS, JANUARY 1, 1940

A substantial increase in livestock numbers in the United States has occurred during the past 2 years. Regionally, the most pronounced increase was in the North Central States (Corn Belt), where the effects of the 1934 and 1936 droughts were most severe. The greatest increase has been in hogs, although cattle and sheep numbers on January 1 of each of the past 2 years also have been larger than a year earlier. The number of horses and mules on farms continued the downward trend that has gone on without interruption for the past 2 decades.

In terms of grain-consuming animal units, the total number of livestock, including poultry and work stock, on farms and ranches on January 1, 1940 amounted to 136.7 million units. This was about 7.3 percent more than the January 1, 1939 figure and around 12 percent more than the low level of livestock numbers (in terms of animal units) which prevailed from 1935 through 1938. It was still slightly smaller than the pre-drought (1928-32) average of 137,539,000 units, however. The total farm supply of corn on January 1, not including corn under seal and stocks held by the Government, was somewhat larger than the 1928-32 average.

Cattle numbers increase

The total number of cattle and calves on farms on January 1, 1940 was estimated to be 68,769,000 head, about 2 million head more than a year earlier and nearly 3 million head more than the 1938 figure. This increase reflects largely the holding back of breeding stock, following several years of rather heavy liquidation of cattle numbers because of drought conditions.

The most pronounced increase in cattle numbers over 1939 was in the North Central States. The number of cattle and calves in that area at the beginning of 1940 totaled 31,813,000 head, or about 6 percent more than a year earlier. The largest increase in any one State was in Kansas where cattle numbers on January 1, 1940 totaled 13 percent more than a year earlier. Increases also were large in Indiana, Illinois, North Dakota, and Nebraska. The only States in which a reduction in cattle numbers occurred were Mississippi, Texas, Wyoming, Colorado, and California. The total reduction in cattle numbers in these States under a year earlier amounted to 442,000 head. The reduction in Texas and the 3 Western States tended to offset general increases in other States in the Great Plains and Western regions.

Although the increase in the total cattle population during 1938 was mostly in milk stock, the increase during the past year was most pronounced in beef cattle. The increase in the number of beef cattle during 1939 amounted to nearly 5 percent, and it was about three-fourths of the total increase of 2 million head in the number of all cattle.

Cattle by classes: Numbers on farms in the United States, January 1, 1934-40

Year	For milk: Cows & heifers 2 years old and over	For milk: Heifers 1 to 2 years old	For milk: Heifer calves	For milk: Total	Not for milk: Cows & heifers 2 years old and over	Not for milk: Heifers 1 to 2 years old	Not for milk: Calves	Not for milk: Steers	Not for milk: Bulls	Not for milk: Total
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
1934	26,931	5,381	5,674	37,986	12,621	3,640	12,201	6,064	1,750	36,276
1935	26,069	4,989	5,257	36,315	10,994	3,330	10,920	5,304	1,666	32,214
1936	25,439	4,789	5,439	35,667	10,977	3,466	10,497	5,678	1,644	32,262
1937	24,993	4,957	5,305	35,255	10,873	3,306	10,439	5,304	1,626	31,548
1938	24,834	4,874	5,387	35,095	10,293	3,285	10,165	5,636	1,609	30,988
1939	25,088	5,125	5,684	35,897	10,115	3,204	10,698	5,278	1,597	30,892
1940 1/	25,334	5,433	5,654	36,421	10,718	3,437	11,184	5,386	1,623	32,348

Compiled from reports of Agricultural Marketing Service.
1/ Preliminary.

Sheep numbers increase slightly in 1939

The total number of stock sheep on farms and ranches in the United States increased about 1 percent during 1939. Sheep and lamb numbers have not fluctuated greatly during the past 10 years, but the increase in the past year raised the total number on January 1, 1940 to 48,473,000 head, the largest number of stock sheep on farms and ranches on January 1 in recent years.

Most of the increase in stock sheep during 1939 was in the Native Sheep States. As in the case of cattle and hogs, the most pronounced increase over a year earlier was in the North Central States. Decreases in most of the North and South Atlantic States were more than offset by increases in most of the South Central States (excluding Texas).

The total number of stock sheep in the Western Sheep States, including Texas and South Dakota, on January 1 this year was 33,814,000 head, or about 165,000 more than a year earlier. Substantial increases occurred in Texas, Montana, and South Dakota, but about equally large decreases took place in 6 other Western Sheep States. Sheep numbers in Texas have nearly tripled since 1923, and the number on January 1 in that State was 9.8 million head, the largest on record.

OUTLOOK - HOGS

Seasonal increase in marketings expected

A seasonal increase in hog marketings probably will get under way during the next month or so as marketings of fall pigs begin in large volume. In view of the unfavorable relation between hog prices and corn prices, the movement of fall pigs may be a little earlier than usual this year. On the other hand, there may be a tendency for some farmers to carry fall pigs through the spring months on as little feed as possible and fatten for market in the early summer, thereby utilizing pastures and other green feed for hogs more than they ordinarily do.

Marketings of packing sows will increase seasonally during the late spring and summer. The number and proportion of packing sows in total hog slaughter during the last half of the hog marketing year (April-September) may be somewhat larger than in the corresponding months of the 1938-39 season.

Hog marketings during the remainder of 1939-40 marketing year (ending September 30) will continue materially larger than a year earlier. In most years there is a close relation between changes in the number of hogs on farms on January 1 and changes in inspected hog slaughter from January through September. Most of the hogs on farms on January 1, except sows to be held for fall farrow, are marketed before the end of September. The total number of hogs on January 1, 1940 was 53.3 million head, about 18 percent greater than a year earlier. On the basis of past relationships, the number of hogs on January 1, 1940 indicates an inspected slaughter for the January-September period of around 35 million head. Slaughter in January and February totaled 9.6 million head. On this basis, total inspected hog slaughter in the 7 months, March-September, may total a little more than 25 million head, or about 4 million head more than in the corresponding period of 1939.

This indication of about 25 million head of hogs for inspected slaughter March-September 1940 is in line with statements in earlier issues of the Livestock Situation that slaughter for the 1939-40 marketing year (October-September) will total about 48 million head. Inspected slaughter from October 1939 through February 1940 totaled about 22.8 million head.

Some decrease in hog production expected in 1940-41

The outlook for hog production in 1940-41 has not changed greatly during the past month. On the basis of breeding intentions reported about December 1, it was indicated that the number of sows to farrow this spring would be about the same as a year earlier. Since December, however, corn prices have advanced and hog prices have declined; the ratio of hog prices to corn prices has been less favorable for feeding corn to hogs in the past 3 months than it has been for more than 2 years. This unfavorable ratio probably will cause many farmers to keep fewer sows for spring farrow than was indicated by the reports made about December 1.

In January and February the number and proportion of sows in receipts at leading markets were larger than a year earlier. This indicates that a

larger than usual proportion of sows bred for spring farrow have been marketed this winter. Present indications are that the hog-corn price ratio will continue unfavorable - or at least considerably less favorable than a year earlier - during most of 1940. It therefore seems likely that both the 1940 spring and fall pig crops will be smaller than the 1939 crops and total production of pork and lard in 1940-41 will be smaller than during the 1939-40 season. A decrease in the 1940 spring pig crop will mean smaller marketings of hogs in the winter of 1940-41 than were marketed this year.

Consumer demand for hog products in the period April through September is expected to be stronger than a year earlier. And this, together with seasonally smaller hog marketings in the last half of the year than in the first half probably will have a strengthening effect upon hog prices. Export demand for pork and lard this spring and summer probably will be no stronger and may be weaker than a year earlier.

OUTLOOK - CATTLE

There has been little change in the 1940 cattle outlook in the last few months. Total slaughter supplies of cattle in 1940 probably will not be materially different from those of a year earlier. There was a considerable reduction in marketings of cows and heifers during 1939, and some further decrease in marketings of breeding stock is expected this year. This reduction may be offset by larger marketings of steers, however. Marketings of grain-fed cattle may be large throughout the year, but the increase over a year earlier is expected to be most pronounced during the first half of the year. The increase in marketings of short-fed cattle probably will be greater than the increase in marketings of long-fed, well finished cattle.

Further increase in cattle numbers expected

The upward trend in cattle numbers, which began in 1938, probably will continue for a few more years, barring the recurrence of severe droughts. The total number of cattle and calves on farms and ranches on January 1, 1940 amounted to about 68.8 million head, or about 3 percent more than a year earlier. Whereas the increase in the total cattle population in 1938 was largely in milk animals, the most pronounced increase during 1939 was in beef cows and heifers. This increase in breeding stock probably will be reflected in a larger calf crop in 1940 than in 1939. The present level of cattle numbers could be maintained even if total slaughter of cattle and calves in 1940 should be substantially larger than in 1939. Little or no increase in cattle and calf slaughter during 1940 now seems probable, but further increases in numbers eventually will bring about a considerable increase in marketings and slaughter supplies of cattle and calves.

Recent reports indicate that cattle in the Western States have come through the winter in fairly good condition with light losses. Range feed prospects were generally improved during February, and calf crop prospects are good. Present indications are that the spring movement of cattle from the Southwest to pasture and feed lots will be smaller than in the spring of 1939.

Cattle prices high in relation to hog prices

For about 2 years cattle prices generally have been higher in relation to the long-time average than have hog prices. During the past 12 months the decline in hog prices has been somewhat greater than the drop in cattle prices. In January 1940 the average price for hogs paid by packers was about $5.35, which is about 33 percent lower than the 1921-34 average price of hogs for January. The average price for cattle paid by packers in January 1940 was about $7.65. This figure is 7 percent greater than the 1921-34 January average.

Inspected slaughter and average prices paid by packers per 100 pounds for hogs and cattle, January 1935-40 and 1921-34 January average

Year	Average price paid by packers		Inspected slaughter	
	Hogs	Cattle	Hogs	Cattle
Average:	Dollars	Dollars	Thousands	Thousands
January				
1921-34	7.98	7.16	5,076	733
1935	7.65	5.77	3,048	814
1936	9.66	6.47	3,428	906
1937	10.15	7.13	3,519	867
1938	7.91	6.40	4,201	830
1939	7.28	7.70	4,043	761
1940	5.36	7.67	5,358	827

Inspected hog slaughter in January, although much larger than in the corresponding month of the preceding 5 years, was only about 5 percent greater than the 1921-34 January average. Inspected cattle slaughter in January 1940, on the other hand, was about 13 percent larger than the 1921-34 January average. Thus, as compared with the 1921-34 January average, the 5 percent more hogs slaughtered in January this year sold for 33 percent lower prices, whereas the 13 percent greater cattle slaughter sold roughly at 7 percent higher prices.

The reasons for the lower hog prices in relation to cattle prices are not entirely clear. One important reason is that the export demand for pork and lard has been much weaker in recent years than in the 1921-34 period; exports of cattle and beef have been very small in all of the period since 1920. Another factor of some importance is that domestic production of vegetable oils which compete with lard have increased greatly in recent years. There are also some indications that the domestic consumer demand for beef has strengthened relative to the demand for pork. Since 1933, there have been rather marked increases in charges for processing and distribution of meats, and it appears that the level of such charges per 100 pounds of livestock slaughtered has been greater in the past 3 years than the average for the period 1921-34. Because a greater amount of processing is required for hogs than for cattle, the increase in such charges in recent years probably has affected hog prices more than cattle prices.

OUTLOOK - LAMBS

Outlook favorable for early lambs

According to reports of Agricultural Marketing Service, the early Spring lamb crop in the principal producing States this year will be about the same as that of last year. But the number of early lambs for slaughter before July 1 is expected to be considerably larger than a year earlier, since many more of the early lambs in California and Texas are expected to reach slaughter weight and condition by July 1. Last year early lambs in these areas developed very poorly because of unfavorable feed conditions. Early lamb prospects are favorable in several of the other Western sheep States, but in the early lambing regions of the Eastern States feed and weather conditions since the first part of the year have been quite unfavorable for early lambs.

In California dry weather in the fall and early winter was favorable for lambing but delayed the growth of new feed. Abundant rainfall during January and February, however, has materially improved range and pasture conditions in most of the early lambing area. The early lamb crop is probably not quite so large as the record crop of last year, but on March 1 the condition of early lambs was above average for that date and at least a normal development during the next 2 months is expected. Present prospects are that it will be necessary to market only a small proportion of the crop as feeder lambs and that the quality of slaughter lambs will be above average. Out-of-State shipments in April may be smaller than a year earlier, but they are expected to be larger in May and the total for the 3 months, April through June, may equal the large number in the corresponding period of 1939.

In Arizona the early lambing season was about the most favorable ever known in that State; the early lamb crop is large and has made excellent growth. Some lambs were shipped East at the end of February, and a relatively heavy movement in late March and early April is expected.

The early lamb crop in Texas was larger this year than last. Range and pasture conditions were somewhat unfavorable during January and February, but early lambs have made good gains and in early March were in much better condition than a year earlier. Yearlings have wintered well, and marketings of both spring lambs and yearlings from now until about July 1 are expected to be larger than a year earlier.

Weather conditions have been favorable in the early lambing areas of the 3 Northwestern States (Idaho, Washington, and Oregon), and early lambs have made good progress. In contrast, weather and feed conditions in the southeastern part of the native sheep States have been unfavorable for the early lamb crop this year, and marketings of early lambs from this area before July 1 probably will be smaller than in 1939.

Seasonal decrease in marketings of fed lambs expected

Marketings of fed lambs are expected to decrease seasonally during the remainder of the fed-lamb marketing season (through April) and probably will

be smaller than a year earlier. The number of lambs put on feed in the Western States after January 1 was smaller this year than last, and the number of lambs remaining on feed in the northern Colorado and western Nebraska feeding areas around March 1 was about 10 percent smaller than in early March last year.

Slaughter supplies of sheep and lambs during the early part (May and June) of the spring lamb marketing season this year probably will be considerably larger than during those months last year. In addition to larger marketings of spring lambs from Texas, shipments of grass-fat yearlings and wethers from that State before July 1 also are expected to exceed those of last year.

Stronger consumer demand

Consumer demand for lamb and other meats in the spring and summer of this year probably will be stronger than a year earlier. Some falling off in consumer demand from current levels is likely to occur in the next few months, but no pronounced weakness seems probable. As compared with last spring and summer, prices of new crop lambs will be influenced by a more favorable demand situation. But the supply of lambs marketed is expected to be larger than that of spring and early summer of 1939.

Total dressed weight of livestock slaughtered under Federal inspection, 1921-39

Year	Cattle	Calves	Hogs	Sheep and lambs	All meat animals 1/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1921	4,087	366	6,711	493	11,658
1922	4,573	395	7,419	418	12,806
1923	4,686	443	9,182	446	14,757
1924	4,829	499	8,820	456	14,604
1925	4,939	541	7,323	467	13,270
1926	5,226	531	7,273	501	13,530
1927	4,785	493	7,731	502	13,510
1928	4,265	462	8,579	523	13,829
1929	4,275	453	8,430	545	13,703
1930	4,245	459	7,718	650	13,072
1931	4,278	473	7,831	688	13,271
1932	3,940	454	7,831	682	12,906
1933	4,541	505	8,226	673	13,945
1934	4,959	643	7,231	624	13,458
1935	4,564	603	4,406	701	10,274
1936	5,317	653	6,101	680	12,751
1937	4,699	675	5,301	683	11,359
1938	4,798	581	6,305	720	12,404
1939	4,803	559	7,296	694	13,353

Compiled from reports of Agricultural Marketing Service.
1/ Computed from unrounded numbers.

Stock sheep and lambs: Number on farms January 1, western sheep States, 1934-40

Year	Texas	Colorado, Utah, Nevada	Montana, Wyoming S. Dak.	Washington, Oregon, Idaho	California	Arizona and New Mexico	Total Western States
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
1934	8,059	5,229	9,133	5,404	2,806	3,639	34,270
1935	7,092	4,992	8,419	5,319	3,155	3,380	32,357
1936	7,234	4,926	8,149	5,024	3,407	3,251	31,991
1937	8,750	5,014	7,241	5,017	3,577	3,251	32,850
1938	9,100	4,854	7,296	4,656	3,434	3,147	32,487
1939	9,646	4,912	7,898	4,563	3,537	3,093	33,649
1940 1/	9,838	4,970	8,146	4,319	3,466	3,075	33,814

Compiled from reports of Agricultural Marketing Service.
1/ Preliminary.

All cattle: Number on farms January 1, by regions, 1934-40

Year	North Atlantic States	Ohio, Indiana	Illinois, Iowa, Missouri	Michigan, Wisconsin, Minnesota	South Atlantic States	South Central States 1/
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
1934	4,879	3,543	10,175	8,420	4,732	7,181
1935	4,750	3,555	9,731	7,813	4,799	7,283
1936	4,789	3,694	10,019	7,905	4,670	6,773
1937	4,888	3,607	9,427	8,047	4,568	6,618
1938	4,962	3,587	9,608	8,175	4,517	6,717
1939	5,023	3,679	9,711	8,322	4,659	6,896
1940 2/	5,083	3,839	10,405	8,455	4,778	7,129

Year	North Dakota, South Dakota	Nebraska, Kansas, Oklahoma	Texas	Montana, Wyoming, Colorado	New Mexico, Arizona	Idaho, Utah, Nevada	Washington, Oregon, California
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
1934	4,061	10,590	8,410	4,527	2,400	1,642	3,702
1935	2,851	9,251	7,222	3,978	1,941	1,537	3,818
1936	3,075	9,062	6,861	3,721	1,869	1,513	3,978
1937	2,732	8,123	7,547	3,325	2,288	1,563	4,070
1938	2,741	7,570	7,245	3,202	2,193	1,533	4,033
1939	2,805	7,802	6,955	3,281	2,118	1,533	4,005
1940 2/	2,967	8,394	6,677	3,298	2,174	1,571	3,999

Compiled from reports of Agricultural Marketing Service.
1/ Excluding Oklahoma and Texas.
2/ Preliminary.

Supplies of hogs and hog products, specified periods

Item	Unit	Jan. 1939	Dec. 1939	Jan. 1940	Oct.-Sept. Av. 1928-29 to 1932-33	Oct.-Sept. 1937-38	Oct.-Sept. 1938-39	Oct.-Jan. 1938-39	Oct.-Jan. 1939-40
Hog slaughter under									
Federal inspection:	Thou-								
No. slaughtered 1/	sands	4,043	5,236	5,356	46,363	34,580	39,720	15,613	18,574
Live weight:									
Average	Pound	235	232	233	231	234	234	228	230
Total	Mil.lb.	951	1,215	1,248	10,723	8,089	9,311	3,559	4,280
Total dressed weight	" "	715	907	939	8,069	6,046	6,975	2,655	3,200
Yield of lard per 100 pounds live weight of hogs	Pound	14.0	14.4	14.6	15.2	12.4	13.3	13.0	13.9
Production of lard	Mil.lb.	133	175	182	1,630	1,002	1,232	463	597
Exports: 2/									
Pork	Mil.lb.	8	17	29	211	89	125	35	60
Lard	" "	29	19	28	657	208	270	85	92
Imports of pork 2/	" "	4	1	1	6	57	50	16	3
Proportion of sows in inspected slaughter 3/	Pct.	43.4	45.0	45.5	51.2	49.9	49.3	44.3	46.1

Compiled from reports of Agricultural Marketing Service, except as specified. 1/ Bureau of Animal Industry. 2/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard. 3/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit	Feb. 1939	Jan. 1940	Feb. 1940	Oct.-Sept. Av. 1928-29 to 1932-33	Oct.-Sept. 1937-38	Oct.-Sept. 1938-39	Oct.-Feb. 1938-39	Oct.-Feb. 1939-40
Av. price, all purchases:	Dol.per								
Seven markets	100 lb.	7.63	5.19	4.95	1/	8.33	6.85	7.45	5.56
Chicago	" "	7.77	5.32	5.12	6.99	8.47	7.00	7.56	5.73
Av. price of barrows and gilts, Chicago	" "	7.86	5.40	5.19	1/	8.76	7.23	7.63	5.82
U.S. average price received by farmers	" "	7.21	5.18	4.97	6.48	8.07	6.70	7.12	5.51
Av. price of No. 3 Yellow corn, Chicago	Ct. per bu.	48	59	58	62	57	49	48	54
Hog-corn price ratio:									
Chicago 2/	Bu.	16.2	9.0	8.9	11.6	14.8	14.4	15.8	10.7
No. Central States	"	18.8	10.5	9.9	12.9	17.6	16.6	18.4	12.1
Proportion of packing sows in total packer and shipper purchases, 7 markets 3/	Pct.	4.0	5.0	5.0	1/	13.0	13.0	6.0	7.0
Av. weight at 7 markets	Pound	245	240	243	1/	246	247	235	238

Compiled from reports of Agricultural Marketing Service. 1/ Not available. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from weekly averages.

Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Year: Average 1924-33	Year: 1939	Month: 1939 Jan.	Month: 1939 Feb.	Month: 1939-40 Dec.	Month: 1939-40 Jan.	Month: 1939-40 Feb.
Slaughter under Federal inspection:								
Number slaughtered:	Thousands							
Cattle 1/	Thousands	8,850	9,446	761	653	773	827	715
Calves 1/	"	4,819	5,264	415	385	381	416	378
Cows and heifers	"	4,181	4,446	393	312	360	371	
Steers	"	4,340	4,588	339	315	385	426	
Average live weight:								
Cattle	Pounds	953	943	947	942	967	962	
Calves	"	176	191	180	179	192	193	
Total dressed weight:								
Cattle	Mil. lb.	4,532	4,803	384	330	405	431	
Calves	" "	487	559	42	38	40	44	
Inspected shipments: 1/	Thousands							
Feeder cattle and calves	Thousands	2,894	3,173	179	139	200	148	
Imports:								
Cattle 2/	"	253	764	115	70	29	70	
Canned beef 3/	Mil. lb.	4/ 36	86	4	3	3	8	

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry. 2/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption. 3/ United States Department of Commerce. Imports for consumption. 4/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, February 1940 with comparisons

Item	Feb. average 1924-33	Feb. 1938	Feb. 1939	Dec. 1939	Jan. 1940	Feb. 1940
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Beef steers sold out of first hands at Chicago:						
Choice and Prime	11.50	8.87	11.98	10.50	10.94	10.89
Good	10.29	7.91	10.23	9.44	9.44	9.53
Medium	9.00	7.17	8.94	8.44	8.43	8.36
Common	7.70	6.35	8.09	7.17	7.40	7.30
All grades	9.41	7.78	10.17	9.59	9.46	9.08
Cows, Chicago:						
Good	1/ 6.50	6.17	7.00	6.72	6.76	6.68
Low Cutter and Cutter	2/ 4.04	4.45	4.94	3/ 4.60	3/ 4.86	3/ 4.65
Vealers, Chicago:						
Good and Choice	11.30	10.29	10.86	9.91	11.47	10.66
Stocker and feeder steers, Kansas City:						
Average price, all weights	4/ 8.10	7.04	8.79	7.96	8.07	8.12
Average price paid by packers:						
All cattle	7.39	6.36	7.87	7.52	7.67	
Steers	5/	5/	9.47	8.98	8.92	
Calves	9.65	8.18	9.24	8.08	9.05	

Compiled from reports of Agricultural Marketing Service. 1/ Good and Choice, 1924-27. 2/ Canner and cutter, 1924-June 1926. 3/ Average of Cutter and Common, and Canner. 4/ Average 1925-33. 5/ Not available.

Supplies of sheep and lambs, specified periods

Item	Unit	Year: Av. 1924-33	Year: 1939	Month: Av. 1924-33: Jan.	Av. 1924-33: Feb.	1939: Jan.	1939: Feb.	1939-40: Dec.	1939-40: Jan.	1939-40: Feb.
Slaughter under Federal inspection										
Sheep and lambs:										
Number slaughtered 1/	Thousands	14,737	17,241	1,219	1,086	1,456	1,361	1,389	1,598	1,313
Average live weight	Pound	81	86	86	88	91	93	89	90	
Average dressed weight	do.	39	40	40	41	42	43	42	42	
Total dressed weight	Mil. lb.	569	694	49	44	61	58	58	67	
Lambs and yearlings: Number slaughtered	Thousands	13,678	16,137	1,134	1,017	1,374	1,287	1,321	1,517	
Percentage of total: sheep and lambs ..	Percent	92.8	93.6	93.0	93.6	94.4	94.6	95.2	94.9	

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry.

Prices per 100 pounds of sheep and lambs, by months, December-February 1938-40

Item	1937-38: Dec.	1937-38: Jan.	1937-38: Feb.	1938-39: Dec.	1938-39: Jan.	1938-39: Feb.	1939-40: Dec.	1939-40: Jan.	1939-40: Feb.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago:									
Good and choice 1/ ..	8.70	8.02	7.46	9.02	8.92	8.88	8.87	9.09	9.44
Slaughter ewes, Chicago:									
Common and medium ..	2.97	3.08	2.94	2.91	2.97	3.40	2.91	3.14	3.51
Feeding lambs, Omaha Good and choice	7.95	7.49	6.92	8.07	8.23	8.24	8.15	8.48	8.38
Average price paid by packers:									
Sheep and lambs	8.18	7.74	7.23	8.31	8.46	8.54	8.30	8.60	
Average price received by farmers:									
Sheep	3.86	3.67	3.61	3.69	3.83	4.02	3.79	3.86	3.93
Lambs	7.48	7.15	6.63	7.08	7.33	7.37	7.38	7.57	7.61

Compiled from reports of Agricultural Marketing Service. 1/ Lots averaging within top half of good grade.

Index numbers of income of industrial workers, and cash income from meat animals, specified periods.

Item	Calendar year: 1937	Calendar year: 1938	Calendar year: 1939	Jan. 1939	Dec. 1939	Jan. 1940
Income of industrial workers (1924-29 = 100)	94	73	1/ 83	80	93	93
Cash farm income from meat animals: (1924-29 = 100) 2/	83	78	81	74	82	82

1/ Tentative estimate. 2/ Based upon revised monthly estimates of income.

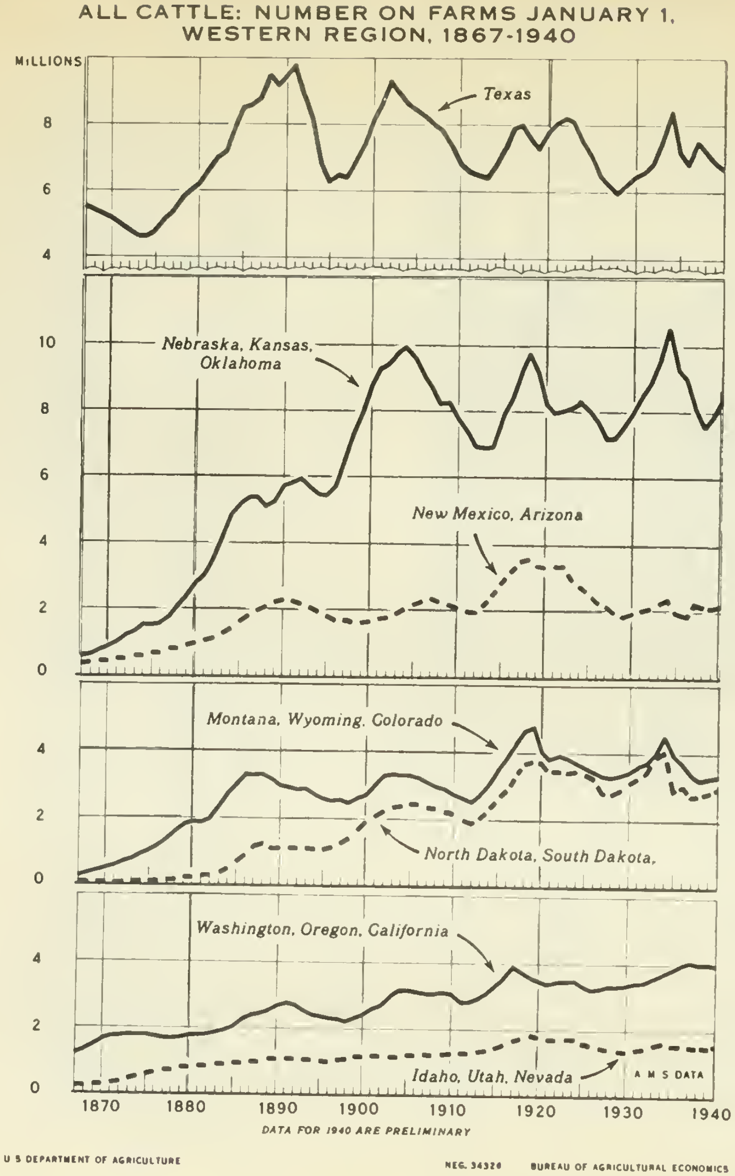


FIGURE 3

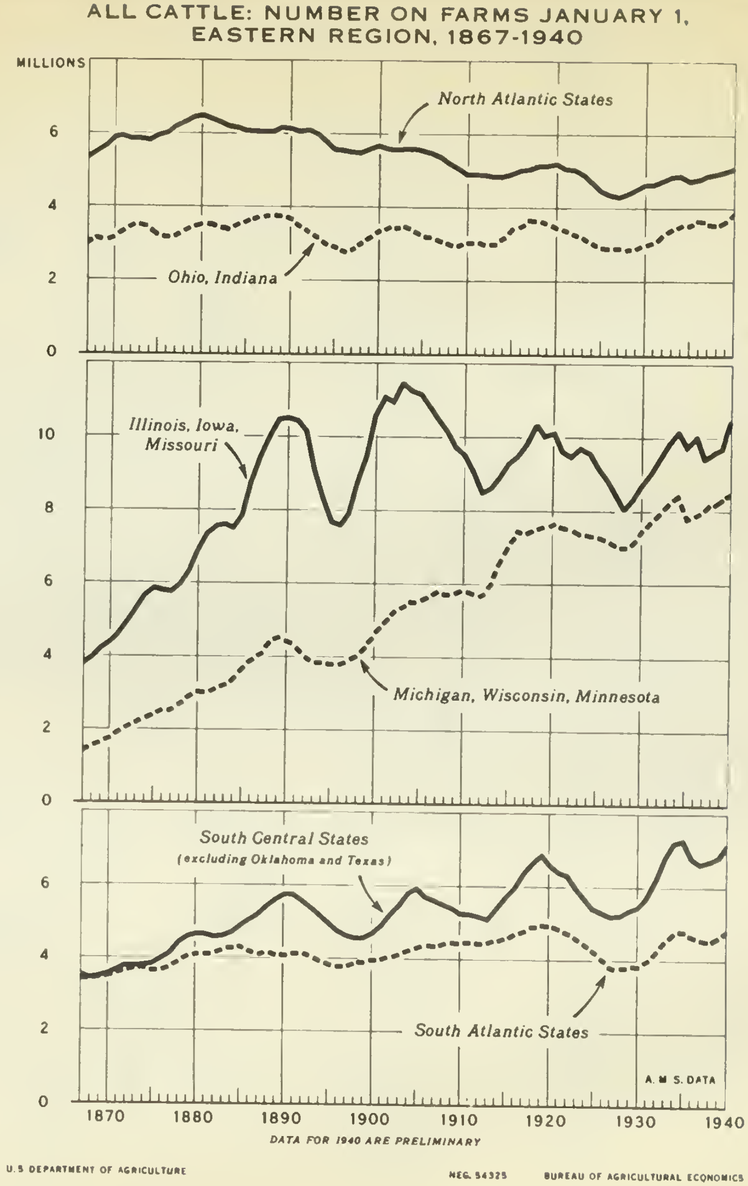
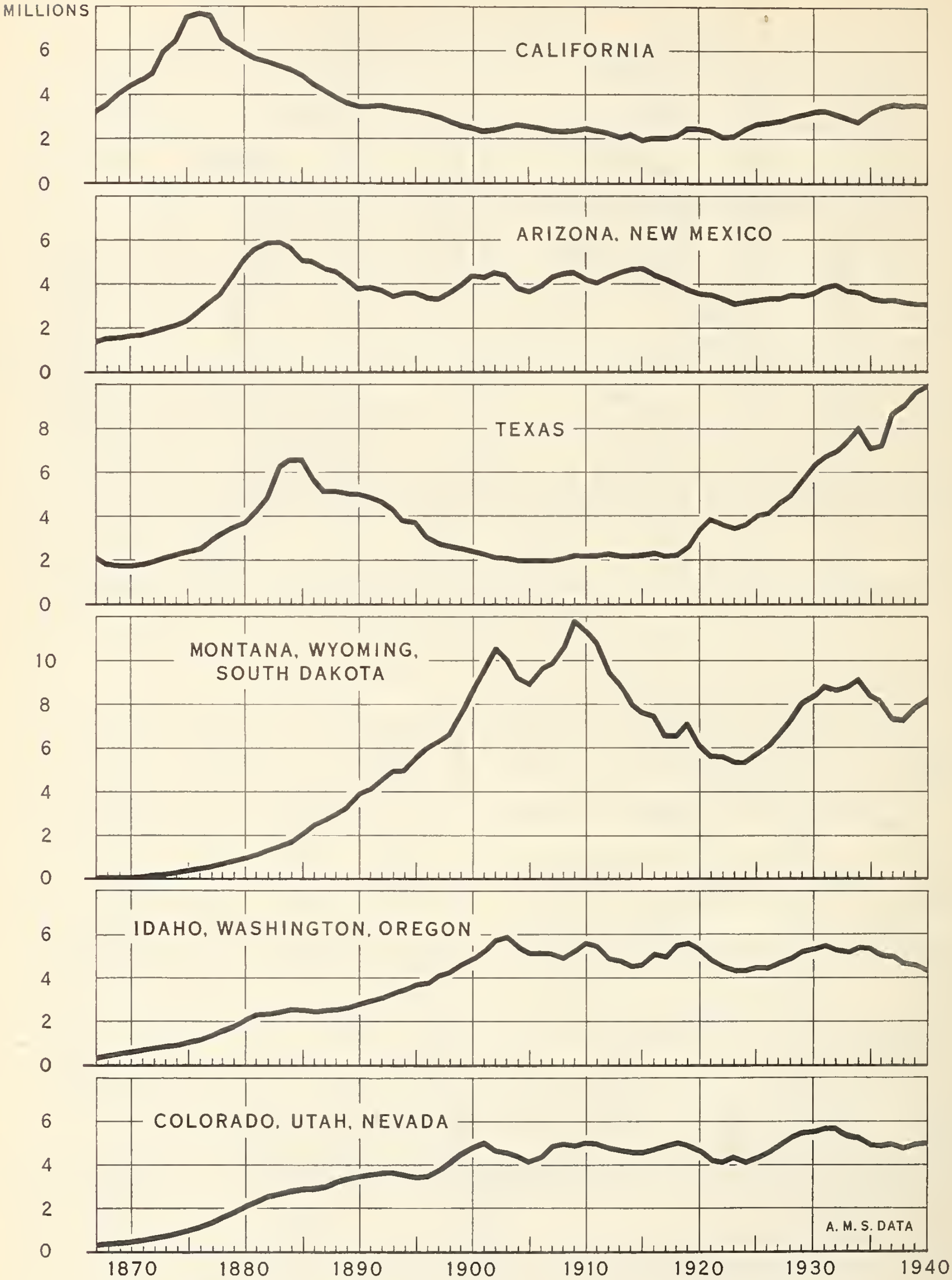


FIGURE 4

MOST OF THE INCREASE WHICH HAS TAKEN PLACE IN CATTLE NUMBERS DURING THE PAST 2 YEARS HAS BEEN IN THE EASTERN REGION, PARTICULARLY IN THE CORN BELT STATES. IN THE WESTERN REGION A DECREASE IN CATTLE NUMBERS IN TEXAS HAS ABOUT OFFSET INCREASES IN OTHER WESTERN STATES.

STOCK SHEEP AND LAMBS: NUMBER ON FARMS JANUARY 1, WESTERN SHEEP STATES, 1867-1940*



* EXCLUDES SHEEP AND LAMBS ON FEED FOR MARKET

DATA FOR 1940 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 23365 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 5